



**New Year's Address by
The President of Iceland
Ólafur Ragnar Grímsson
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Fellow Icelanders:

I wish you all prosperity and happiness, good fortune and good health in the year that is beginning now, and thank you for the friendship and warmth you have shown towards us here at Bessastaðir, and for the time we have spent working and talking with thousands of Icelanders over the past year.

Their sense of democracy has stood the Icelanders in good stead, acting as a restraint on the government and as a driving force during periods of progress. It was the strong will of the people themselves that gave impetus to the campaign for greater rights, which is healthy for us to remember when we soon celebrate the centenary of Home Rule and the sixtieth anniversary of the establishment of the Republic. Even though Iceland had enjoyed many splendid and capable leaders, from the times of the Fjölnir movement, Jón Sigurðsson, Hannes Hafstein and Skúli Thoroddsen, and through to the election of the first President at Þingvellir in 1944, it was the momentum behind the support of the public at large that proved decisive at crucial moments.

Certainly an anniversary gives us the chance to look back, weigh up history and the lessons it teaches us, but milestones of this kind are also an apt occasion to deliberate on the future, ask what changes can be expected, discuss the opportunities that lie ahead and the position that a new world picture and our own success have created.

Nations do not last for long on ancient glory, especially nowadays when the pace of change is greater than ever before. Dominant factors for establishing the status of nations last century and even earlier – military strength, oil, metals, heavy industry – are now ranked alongside

new qualities: initiative and inventiveness, what they propose and how they follow it through. Our contribution to business innovation, our intellectual and artistic originality, breakthroughs in the sciences, technology and industry, will particularly determine our reputation in the years to come.

Some analysts even claim that the age of soft approaches has arrived and the law of brute force will not suffice in the long run. Nations need to realise that a new way of thinking is shaping their position in the international arena. They will be increasingly asked: What contribution can you make? What is your relevance to the rest of the world? What are the message and innovation behind what you can give? – Not only: What is your power, wealth or military force?

Such a turning point could present us Icelanders with new opportunities for progress if we display the wisdom and willingness, the determination and ambition to adapt to change and foster the qualities that will distinguish us in the future.

In this respect there are three areas that we need to address closely: Globalisation of business, initiative in international cooperation and innovation in the arts. In these three fields we already see evidence that we Icelanders, acting in unison, can achieve outstanding results.

Last year a new generation managed to arouse even more international interest in modern Icelandic culture. The success of the film *Nói Albino* at festivals in a number of countries, the splendid reception given to an Icelandic production of *Romeo and Juliet* on Shakespeare's home ground, the acclaim enjoyed by our musicians in much of Europe and North America, the ever-growing interest abroad in Icelandic writing, visual art and dance – all these testify to the way our participation in global culture is increasingly based on the creativity of a new generation.

When the campaign for independence finally brought Iceland Home Rule, it was largely ancient glory – the medieval manuscripts, heroic sagas and Edda poems – on which the cultural arguments for greater rights were centred. Now it is no less works spawned by the modern age that enhance our reputation and the confidence we enjoy in the global community.

We need to give the young generation's achievements the appreciation they deserve, and show by providing public funding and facilities that we fully understand the benefits Iceland can reap when a new generation of artists is laying the world at its feet.

Furthermore, changed times call for dynamic and alert initiatives from us in international cooperation. It is becoming increasingly important for nations to make contributions that are distinctive and rich in content, their policies based on fresh ideas, knowledge and experience that can prove useful to others.

In this respect we Icelanders need to cultivate several areas where we are well placed and which are at the same time important for all the world.

Firstly: the ocean. Marine resources, their sensible utilisation, an international initiative to build up fish stocks, studies of oceanic currents and the hints of climate change that the ocean contains, the relationship between health and fish consumption, the fight against malignant diseases and the access to the key substances that the sea gives us – all these are tasks that the global community now considers particularly pressing.

We Icelanders have a rich stock of experience in this field and have won respect and influence there, stretching from the Convention on the Rights of the Sea and the extension of our territorial waters to our success today in profitable, high-technology fisheries and the reputation that innovations in software and expert research have won for us.

Although the oceans cover the greater part of the Earth's surface, they have been neglected in many ways. We know more about the moon than the oceans, the remarkable explorer Thor Heyerdal said. But the outlook might be improving, now that a strong global movement is under way focusing on discussion of marine issues. This gives us Icelanders a chance to make our presence felt, take the lead in developing ideas and proposals, turn our heritage into a vantage point for influence in the new century.

Secondly: Geothermal energy and development of hydrogen fuel. An intensive search is now being made for energy sources that do not threaten the biosphere, to create a basis for progress and prosperity without the pollution that damages the health and well-being of millions.

Many nations around the world now wish to harness their underground geothermal energy resources, and the most influential nations have recently invited Iceland and a handful of other countries to join them in cooperation on the best way to develop hydrogen-powered cities and communities in the future.

In both these fields, Iceland now ranks with the leaders and it is important for us to take advantage of the opportunities that leadership provides. Our scientists, experts and policy-makers at Reykjavík Energy, Suðurnes Power Company, Landsvirkjun, the National Energy Authority, the University of Iceland and elsewhere in the energy sector have shown determination and drive; their success gives our nation numerous opportunities to win new ground.

It is a remarkable paradox, but also symbolic of the new era we live in, that one of the smallest nations in the world should be a leader in a field once dominated by the superpowers. Today, China and California, Russia and Central Europe, the countries of South America and Africa, are seeking partnerships with us, and our contribution could form the basis of solid relations with dozens of nations.

Thirdly: the Northern regions. During the Cold War this part of the world was frozen in the grips of the superpowers' nuclear threat, but a new forum has now been created for international cooperation there, with the Nordic countries engaged side by side with Russia, Canada and the United States of America.

In Northern regional issues, Iceland has an impressive contribution to make. Others have confidence in us. We currently chair the Arctic Council and perform an important role in the Polar university network and Northern Research Council, with the University of Akureyri as our very active representative. We have the opportunity to strengthen our links with two of the most influential countries in the world, the United States of America and Russia, by developing cooperation which is at once new, fascinating and urgently needed.

There is much to suggest that the Northern regions will occupy an ever-more important position in the future, a key region in the march towards progress and global prosperity. It possesses around one-quarter of all the world's unutilised energy resources, a reserve which is becoming increasingly more valuable. A new sailing route may open there soon, the Arctic route, which would shorten the travelling distance

from America and Europe to Asia as radically as when the Suez Canal revolutionised world trade just over a century ago; and let us remember that Asia will probably soon be the engine driving the global economy.

The Northern regions also reveal major parameters for climate change, indicators that show whether major risks loom over the biosphere and human health in all the continents. The oceanic currents that circulate around Iceland, their temperature and chemical composition, the impact of the melting of ice and glaciers, and greater volumes of water in Arctic rivers are indications that the world may soon face a new threat that could overturn the lifestyles and economies of the entire world. Research in the Northern regions is essential for correctly evaluating the risks that lie ahead and our contribution to that field is becoming increasingly vital.

Alongside the ocean, energy and the Northern regions, a fourth issue that we need to address carefully concerns small nations.

Today there are more than 50 states within the United Nations that can be classified as small, while in the organisation's infancy we were virtually alone in that group. Small nations now account for more than one-quarter of the votes at the UN General Assembly and they can become an influential force within other international agencies.

These countries' interests, problems, distinctive status and tasks have been neglected in various ways, because administrative and economic strategies have especially reflected theories and ideologies formulated in larger states, and also because most of the smaller countries have only recently entered the international arena.

Iceland is ideally placed for making a contribution here. Our success in economic development, education and healthcare, institutional organisation and international cooperation are far beyond what our size would suggest. We are a threat to no one, a peaceful and open democracy with no hidden agenda. Others are therefore prepared to find out about the Icelandic experience, while they remain very much on their guard when more powerful nations offer their support.

Iceland can become a centre for dialogue and contact between smaller nations, which can forge firm bonds of friendship for us with many countries in all continents, opening channels for new generations

to participate in international cooperation in many parts of the world, for business, research and academic activities.

Yes, the new age presents us with many opportunities that were unknown before. Now it is crucial for us to show the wisdom and willingness to cooperate, and also with each other here at home, in order for Iceland to benefit and prosper from them in the new century.

It is vital to understand in full the changes that have taken place in the world picture, and not to forget ourselves in the intricacies and struggles of former times. The centenary of Home Rule should be an occasion for us not only to contemplate the gigantic transformation that has occurred since Iceland's first Prime Minister walked into Parliament House, but also to join forces in utilising the opportunities that the maelstrom of new movements presents to us.

In particular this involves the turmoil caused by globalisation of business – last year's debate revealed a number of signs that we were not well enough prepared for the consequences of privatisation and the expansion of international business achieved by our entrepreneurs.

For the first time in this nation's history, globalisation of business and the opening up of our economy have presented entrepreneurs based in Iceland with the chance to become world leaders in their fields, and their success can generate wealth that would have been unthinkable last century.

Companies in retailing, pharmaceuticals, beverages, banking, financial services, prosthetics, foods and other fields have switched to the global market in recent years and proved so successful that their assets and annual profits are unparalleled by Icelandic standards.

Certainly this trend is an encouragement to young Icelandic businesspeople to assert themselves, but it also raises questions about how global business perspectives fit in with Icelandic reality.

We need to discuss, frankly and honestly, how we intend to give entrepreneurs the opportunity to flourish at the same time as preserving the hallmarks of our society.

How do we intend to ensure that the profits from the globalisation of business come back to Iceland for everyone's benefit? What share will the Icelandic public enjoy in the massive wealth that the new

entrepreneurs are generating? What is at once fair and viable for the future?

The answers to these questions will go a long way towards determining the future course of events, and we should bear in mind that in an open economy, whether we like it or not, companies can simply move their base, their tax obligations and their contribution to the national good elsewhere, if they feel overly constricted here. But companies also need to understand that success goes hand in hand with strong social obligations and responsibilities.

We need to work in unison to resolve the problems that this transformation has created, by engaging in a dialogue in which everyone is on equal terms and which is guided by fairness and vision. If we manage to do this, the new age can bring great prosperity to the people of Iceland and the opportunities open to us can lay the foundation for an unmatched era of progress.

I wish you all a successful New Year and hope that good fortune will always be with you in the future; let us take care of this fine country that has been bequeathed to us.